

Company Registration No. 440897

Sixt Kenning Limited

Report and Financial Statements

31 December 2012



Sixt Kenning Limited

Report and financial statements 2012

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Sixt Kenning Limited

Report and financial statements 2012

Officers and professional advisers

Directors

W Y Fung
T Haeser (resigned 20th September 2012)
I W Lawrence
P T McLoughlin (resigned 31st January 2013)
J Z Putlitz
P I Voegerl

Secretary

W Y Fung

Registered office

Durrant House
47 Holywell Street
Chesterfield
Derbyshire
S41 7SJ

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds

Sixt Kenning Limited

Directors' report

The directors have pleasure in presenting their annual report with the audited financial statements for the year ended 31 December 2012

Principal activity and review of the business

The principal activity of the company continued to be that of car and van rental services

2012 saw further expansion of the corporate network with new locations opening inside the Hilton Hotel in Kensington and down town locations in Manchester and Edinburgh. The latter appointed to work in conjunction with the busy city airport operations

Emphasis continued to be placed on better margin business with focus remaining on small, medium enterprises, which have proved compatible with both the corporate locations and our partner network outside of London. Extra emphasis this year has been put on ancillary sales to increase the average revenue per day. That coupled with aggressive search engine optimisation and pay per click internet business to drive growth in retail business has proved fruitful

Key Performance Indicators

Revenue improved in 2012 as a result of the growing network, and the drive to increase local sales

Gross margins were maintained as focus was given to revenue per day, but net margin fell due to the increased costs involved with opening new locations and additional resources brought in to strengthen the field sales teams, as well as various teams at Head Office

Interest payable also increased in the period, as a higher proportion of the fleet was financed in 2012 compared to the prior year

Key Risks and Uncertainties

Competition on pricing in the market place remains aggressive and there is no reason to believe this will change in 2013. The more cautious business approach of acquiring fleet via buy-back agreements as opposed to outright risk would seem to remain the best strategy going forward

Although the directors are mindful of the current economic climate, we remain cautiously optimistic that steady corporate location growth with total focus on fleet utilisation levels coupled with improved average revenue per day is the best strategy

Results and dividends

The results of the company for the year ended 31 December 2012 are set out in the profit and loss account on page 6. The directors do not recommend payment of a dividend (2011 nil)

Sixt Kenning Limited

Directors' report

Going concern

The directors have considered the going concern assumption in preparing these financial statements. The directors' assessment has considered the company's forecasts, current financial resources and taking account of reasonably possible sensitivities in light of current economic uncertainty.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and thus continue to adopt the going concern basis of accounting.

Financial instruments

The company's principal financial instruments comprise bank balances, bank loan and overdrafts, trade debtors and creditors, finance lease arrangements and intercompany funding. The main purpose of these instruments is to ensure continued funding for the company.

Due to the nature of the financial instruments used by the company there is little exposure to price risk.

The company is exposed to both credit and cash flow risk which is managed by reviewing the credit terms offered to customers and the regular monitoring of amounts outstanding.

The company utilises finance lease and intercompany funding where required to manage liquidity risk.

Directors

The directors who held office throughout the year and subsequently, unless otherwise stated are as follows:

W Y Fung	
T Haeser	(resigned 20th September 2012)
I W Lawrence	
P T McLoughlin	(resigned 31st January 2013)
J Z Putlitz	
P I Voegerl	

Auditor

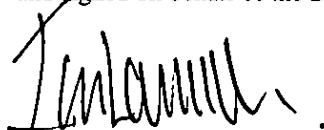
In the case of each of the persons who are directors of the company at the date when this report was approved:

- so far as the director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware,
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

A resolution to re-appoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors
and signed on behalf of the Board



I W Lawrence

Director

28th February 2013

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Sixt Kenning Limited

We have audited the financial statements of Sixt Kenning Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.


David Johnson BA, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Leeds, UK

2013

7 March

Sixt Kenning Limited

Profit and loss account Year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Turnover	2	36,243	32,663
Cost of sales		(23,311)	(20,791)
Gross profit		12,932	11,872
Administration expenses		(10,298)	(8,345)
Operating profit	3	2,634	3,527
(Loss)/profit on sale of properties	3	103	(15)
Profit on ordinary activities before interest		2,737	3,512
Interest receivable	6	34	116
Interest payable and similar charges	7	(703)	(481)
		(669)	(365)
Profit on ordinary activities before taxation		2,068	3,147
Tax on profit on ordinary activities	8	123	(353)
Profit on ordinary activities after taxation	16,17	2,191	2,794

The above results derive from continuing operations

The accompanying notes are an integral part of this profit and loss account

There were no other recognised gains and losses during the current or the preceding year and accordingly no statement of total recognised gains and losses has been prepared

Sixt Kenning Limited

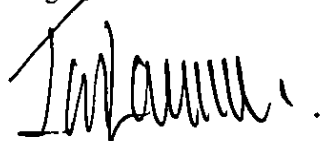
Balance sheet 31 December 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Intangible assets	9	1,871	2,198
Tangible assets	10	38,232	35,366
		<u>40,103</u>	<u>37,564</u>
Current assets			
Stocks	11	96	57
Debtors	12	14,464	10,248
Cash at bank and in hand		9,527	1,807
		<u>24,087</u>	<u>12,112</u>
Creditors: amounts falling due within one year	13	(51,398)	(38,879)
Net current liabilities		<u>(27,311)</u>	<u>(26,767)</u>
Total assets less current liabilities		12,792	10,797
Provisions for liabilities		(130)	(326)
Net assets		<u>12,662</u>	<u>10,471</u>
Capital and reserves			
Called up share capital	15	4,000	4,000
Share premium account	16	10,357	10,357
Profit and loss account	16	(1,695)	(3,886)
Shareholders' funds	17	<u>12,662</u>	<u>10,471</u>

The accompanying notes are an integral part of this balance sheet

These financial statements of Sixt Kenning Limited, company number 440897 were approved by the Board of Directors on 28th February 2013

Signed on behalf of the Board of Directors



I Lawrence

Director

Notes to the financial statements Year ended 31 December 2012

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and prior year.

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Going concern

The directors have considered the going concern assumption in preparing these financial statements. The directors' assessment has considered the company's forecasts, current financial resources and taking account of reasonably possible sensitivities in light of current economic uncertainty.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and thus continue to adopt the going concern basis of accounting.

Turnover

Turnover represents amounts receivable from vehicle rental service fees net of VAT and trade discounts. Turnover is recognised as the service is provided over the term of the rental. Where a rental is only partially completed at the balance sheet date, turnover represents the value of the rental provided to date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income as part of creditors due within one year.

Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 20 years.

Tangible fixed assets and depreciation

Vehicles are capitalised net of manufacturer rebates and are depreciated on a straight line basis taking into account prevailing residual values and expected holding period.

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings freehold	land not depreciated, buildings at 2% p a
Land and buildings leasehold	over the lives of the respective leases
Plant and machinery	10%-33% p a
Motor vehicles	14%-42% p a

Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charges allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Stock

Stocks are valued at the lower of cost and net realisable value, due allowance being made for obsolete and slow-moving stocks.

Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

Sixt Kenning Limited

Notes to the financial statements Year ended 31 December 2012

1 Accounting policies (continued)

Cash flow statement

The company's ultimate parent company, Sixt A G, has included a consolidated group cash flow statement in its financial statements. In accordance with the provisions of Financial Reporting Standard 1 (Revised) the company has therefore dispensed with the inclusion of a cash flow statement in its own financial statements.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured on a non-discounted basis.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3. Operating profit

	2012 £'000	2011 £'000
Operating profit is stated after charging/(crediting)		
Amortisation of intangible assets	327	328
Depreciation of tangible assets - owned assets	6,282	6,742
Depreciation of tangible assets - leased assets	2,937	1,906
(Profit)/loss on disposal of tangible assets - vehicles	(682)	(657)
Operating Lease Rentals – vehicles	4,054	4,750
Operating Lease Rentals – Other	1,222	1,029
Fees payable to the company's auditor for the audit of these financial statements	28	27
Fees payable to the company's auditor – taxation service	6	4

The company's turnover is derived from the company's principal activity of car and van rental services which are provided under operating leases. These leases relate to the motor vehicles disclosed in note 10.

The company made a profit on the disposal of properties of £103,000 (2011: loss of £15,000) that has been disclosed as non-operating. The tax associated with these disposals was £nil (2011: £4,000).

Sixt Kenning Limited

Notes to the financial statements Year ended 31 December 2012

4. Directors' remuneration

	2012 £'000	2011 £'000
Emoluments for qualifying services	322	512
Company pension contributions to money purchase schemes	37	45
	<u>359</u>	<u>557</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2011 4)

Emoluments disclosed above include the following amounts paid to the highest paid director

	2012 £'000	2011 £'000
Emoluments for qualifying services	151	142
Company pension contributions to defined contribution schemes	11	18
	<u>162</u>	<u>160</u>

5 Employees

	2012 No.	2011 No.
The average number of employees (including directors) during the year was		

Administration	234	181
Sales	38	45
	<u>272</u>	<u>226</u>

	2012 £'000	2011 £'000
Employment costs		
Wages and salaries	5,321	4,129
Social security costs	496	388
Other pension costs	54	65
	<u>5,871</u>	<u>4,582</u>

Sixt Kenning Limited

Notes to the financial statements Year ended 31 December 2012

6. Interest receivable

	2012 £'000	2011 £'000
Bank interest receivable	16	20
Group interest receivable	18	45
Other interest receivable	-	51
	<u>34</u>	<u>116</u>

7. Interest payable and similar charges

	2012 £'000	2011 £'000
Bank interest	10	-
Lease finance charges	415	202
Intercompany liabilities	264	258
Discount unwinding	14	21
	<u>703</u>	<u>481</u>

8. Taxation

	2012 £'000	2011 £'000
Current taxation:		
UK corporation tax	(157)	(286)
Adjustment in respect of previous periods	34	639
Current tax charge/(credit)	<u>(123)</u>	<u>353</u>

Factors affecting the charge/(credit) for the year

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2012 £'000	2011 £'000
Profit on ordinary activities before taxation	<u>2,068</u>	<u>3,147</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.5% (2011 26.5%)	<u>507</u>	<u>834</u>
Effects of:		
Non deductible expenses	117	119
Capital allowances in excess of depreciation	(869)	(1,185)
Chargeable gains	-	-
Movement in short term timing differences	114	(54)
Other tax adjustments	(26)	-
Adjustments in respect of previous periods	34	639
Current tax charge/(credit)	<u>(123)</u>	<u>353</u>

Sixt Kenning Limited

Notes to the financial statements Year ended 31 December 2012

9 Intangible fixed assets

	Goodwill £'000
Cost	
At 1 January 2012 and 31 December 2012	6,545
Amortisation	
At 1 January 2012	4,347
Charge for the year	327
At 31 December 2012	4,674
Net book value	
31 December 2012	1,871
31 December 2011	2,198

10. Tangible fixed assets

	Land and buildings freehold £'000	Land and buildings short Leasehold £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2012	2,720	703	1,009	38,954	43,386
Additions	47	473	460	51,312	52,292
Disposals	(123)	-	(12)	(48,264)	(48,399)
At 31 December 2012	2,644	1,176	1,457	42,002	47,279
Accumulated depreciation					
At 1 January 2012	832	576	688	5,925	8,021
On disposal	(30)	-	(7)	(8,156)	(8,193)
Charge for the year	70	93	200	8,856	9,219
At 31 December 2012	872	669	881	6,625	9,047
Net book value					
31 December 2012	1,772	507	576	35,377	38,232
31 December 2011	1,888	127	321	33,030	35,366

Included above are assets held under finance leases or hire purchase contracts as follows

	2012 £'000	2011 £'000
Net book values	13,506	9,516

The related finance lease obligations included within creditors are secured upon these assets and guarantees given by the ultimate parent company

Sixt Kenning Limited

Notes to the financial statements Year ended 31 December 2012

11. Stocks

	2012 £'000	2011 £'000
Consumables	96	57

12 Debtors

	2012 £'000	2011 £'000
Trade debtors	5,777	6,729
Amount owed by parent and fellow subsidiary undertakings	6,246	1,108
Prepayments and accrued income	541	511
Deferred tax	1,900	1,900
	<u>14,464</u>	<u>10,248</u>

Deferred tax

On the basis of these financial statements no provision has been made for corporation tax. Deferred tax provided for in the accounts and the amounts not provided for at 23% (2011: 25%) are as follows:

	2012		2011	
	Provided £'000	Not provided £'000	Provided £'000	Not provided £'000
Accelerated capital allowances	1,900	5,430	1,900	4,891
Other timing differences	-	279	-	187
Losses	-	3,160	-	3,434
	<u>1,900</u>	<u>8,869</u>	<u>1,900</u>	<u>8,512</u>

£1,900,000 of the deferred tax asset has been recognised as at 31 December 2012 for accelerated capital allowances based on the company forecasts and directors' assessment of the recovery.

The reduction in the main rate of corporation tax from 26% to 24% effective from 1 April 2012, was substantively enacted on 26 March 2012. Since that date, further legislation has been enacted which has reduced the corporation tax rate to 23% with effect from 1 April 2013. Accordingly, deferred tax balances have been revalued to 23% in these accounts.

The Government has also indicated that it intends to enact a future reduction in the main tax rate of 2% to 21% by 1 April 2014. As this further reduction in the UK corporate tax rate has not been substantively enacted at the balance sheet date, it is considered a non-adjusting event and no adjustments have been made. The impact of this future reduction will be taken into account at subsequent reporting dates, once the change has been substantively enacted.

Sixt Kenning Limited

Notes to the financial statements Year ended 31 December 2012

13. Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Bank loan and overdrafts	13,456	3,984
Net obligations under finance leases	14,088	10,894
Trade creditors	7,148	3,272
Amounts owed to parent and fellow subsidiary undertakings	13,417	16,879
Taxes and social security costs	150	1,344
Accruals and deferred income	3,139	2,506
	<u>51,398</u>	<u>38,879</u>

The banks loans and overdrafts are secured by a guarantee given by the ultimate parent company. The finance leases are secured on the assets to which they relate.

14. Provision for liabilities

	2012 £'000	2011 £'000
At 1 January	498	690
Additional provision	18	29
Provision utilised	(150)	(157)
Provision released	(7)	(85)
Discount unwinding	14	21
	<u>373</u>	<u>498</u>
Included within liabilities falling due within one year	<u>(243)</u>	<u>(172)</u>
Balance at 31 December	<u>130</u>	<u>326</u>

The provision made relates to payments due on property leases. The amounts due have been discounted to the net present value. It is expected that the provision will be utilised within 3 years.

	2012 £'000	2011 £'000
Defined contribution		
Contributions payable by the company for the year	<u>54</u>	<u>65</u>

15. Called up share capital

	2012 £'000	2011 £'000
Allotted, called up and fully paid		
4,000,000 Ordinary shares of £1 each	<u>4,000</u>	<u>4,000</u>

Sixt Kenning Limited

Notes to the financial statements Year ended 31 December 2012

16. Statement of movements on reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 2012	10,357	(3,886)
Profit for the year		2,191
At 31 December 2012	<u>10,357</u>	<u>(1,695)</u>

17. Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Profit for the financial year	2,191	2,794
Opening shareholders' funds	<u>10,471</u>	<u>7,677</u>
Closing shareholders' funds	<u>12,662</u>	<u>10,471</u>

18. Contingent liabilities

The borrowings of the intermediate parent undertaking and all subsidiary undertakings are secured by guarantee from Sixt AG

The bank arrangements of the company operate on a pooled basis with the intermediate parent undertaking and fellow subsidiary undertakings. Under these arrangements each participating company guarantees each other's overdrawn balances to the extent of their credit balances and the credit balances can be off set against overdrawn balances of participating companies

19. Financial commitments

At 31 December the company was committed to making the following payments under non-cancellable operating leases in the year

	Land and buildings		Other	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Expiry date				
Within one year	55	115	27	1
Between 2 – 5 years	773	777	5	1
Over 5 years	65	-	-	-
	<u>893</u>	<u>892</u>	<u>32</u>	<u>2</u>

20. Capital commitments

There were no capital commitments to purchase or lease vehicles as at 31 December 2012 (2011: £nil)

22. Control

The ultimate parent company is Sixt AG incorporated in Germany. The immediate parent company is United Kenning Rental Group Limited, a company registered in England and Wales. Sixt AG prepares group financial statements and copies can be obtained from Zugspitzstrasse 1, 82049 Pullach, Germany

Notes to the financial statements
Year ended 31 December 2012

23. Related party transactions

The company has taken advantage of the exemption under FRS 8 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions